

Approved For Release

APPROACH
01 of 01

2009/08/14 :

CIA-RDP85T00875R001500020

Approved For Release

2009/08/14 :

CIA-RDP85T00875R001500020

Secret

25X1

Doc/sec



DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

**DSB FIVE COPY
RETURN TO 1E-61**

China's Current Approach Toward Japan

Secret

Nº 662

**28 August 1970
No. 0385/70A**

Page Denied

SECRET

25X1

China's Current Approach Toward Japan

After two decades of Communist rule, Peking is no closer than ever to realizing its principal foreign policy objectives in Japan. Indeed, owing to repeated failures and the violent disruptions of the Cultural Revolution, Peking is attempting to revive its policy toward Japan. The most recent impetus for the revival—aside from an end to Cultural Revolution excesses—came from the signing last November of the Nixon-Sato communiqué on the reversion of Okinawa. Peking has always been apprehensive over Japan's expanding influence in Asia, particularly in Taiwan, and has taken the view that the Nixon-Sato communiqué signaled a more assertive and direct role for the Japanese in the area. Peking's reaction has been marked by indignation and by an unsettling conviction that as the US disengages from Asia, Japan will fill the void both economically and militarily and will assume the lead role in countering China. Peking still sees Japan's policies toward Taiwan and the US as the major stumbling blocks to any improvement in bilateral relations, and for the foreseeable future probably believes there is no real chance to force major concessions from Tokyo on these issues. Adding to Peking's dilemma is the awareness that its political assets and leverage in Japan have markedly dwindled and its image has been blackened by the Cultural Revolution. Further, the Sato government—toward which it is irreconcilably hostile—won a solid victory last fall.

In view of its limitations—and past failures—Peking seems to have decided to continue on a course of limited meddling in Japan's internal affairs while cautiously conducting a program of rebuilding. Peking has also launched an intensive propaganda campaign in the meantime, raising the specter of a remilitarized, new "imperialistic" Japan, a foreign policy ploy designed to fan traditional Asian fears and to undercut Japanese influence. Moreover, the Chinese are attempting to build a case against US-USSR-Japanese "collusion," which is also intended to strengthen Peking's hand in its competition for influence in Asia. So far, this approach has been particularly successful in helping to improve China's relations with North Korea, but it does not appear as yet to have had a serious effect on Peking's non-Communist neighbors. Furthermore, the campaign has not been allowed to affect materially China's burgeoning trade with Japan, which is expected to reach record levels again this year.

SECRET

SECRET

25X1

A History of Futility

Japan's record in Asia since its successful war against China in 1895 predisposes the Chinese Communist regime, like previous governments on the mainland, to look upon Tokyo as a continuing threat to China's security, as well as its main competitor for influence in Asia. China views Japan's rapid postwar recovery and its close ties with the US, moreover, in terms of an increasing challenge. In the past two decades, Peking's main foreign policy objectives with regard to Japan have been to counter the potential menace of Japanese "expansionism" and to rid Japan of the US "presence." China has generally pursued these ends, however, using unimaginative political tactics governed by rigid ideological orthodoxy—and as a result it seems little closer to realizing its objectives in Japan than it was 20 years ago.

Essentially Peking has been unable to use its huge population and extensive geographical area either as a club to overawe the Japanese people and government or as a magnet to draw Japan irresistibly into the Chinese orbit. China as a club was the image projected—without appreciable success—during the Korean War and its immediate aftermath; China as a magnet was the tactic employed during the so-called Bandung (or peaceful coexistence) phase of Chinese foreign policy with initial promise of some success. Peking was able to generate a growing popular sentiment among Japanese for an improvement in relations with China, while at the same time it steadily attempted to exploit differences in Japan over issues relating to trade, rearmament, US bases, and the status of Okinawa. There were, however, built-in limits to this policy of "people's diplomacy" that sharply decreased its ultimate efficacy. Peking's demand that Japan withdraw its recognition of the Chinese Nationalist Government in Taiwan and sever its ties with the US as preconditions for the establishment of closer bilateral relations with the mainland, for example, has been consistently rejected by the Japanese Government—a clear sign that the Chinese were

unable to build enough support among the Japanese populace to force Tokyo to change its position on major policy issues affecting Chinese interests.

Peking's frustrations over the failure of its Japan policies began to surface in the late 1950s. These frustrations, combined with a wide-ranging unhappiness over other phases of its foreign policy, rapidly led to abandonment of the Bandung policy and reversion to a tougher policy toward Japan. Peking officially banned all trade with Japan for several years and leveled a series of harsh propaganda attacks against the Japanese Government. The signing of the US-Japan Security Treaty in 1960 further intensified Peking's vitriol and helped stiffen its truculent attitude. On this occasion, moreover, China's growing quarrel with the Soviet Union tended further to complicate the picture. The Japanese Communist Party (JCP), China's principal instrument in Japan, was caught in the middle with regard to both Peking's emerging hard-line approach and the dispute with Moscow. After years of internal bickering, the JCP eventually refused to side with either the Chinese or the Soviets in their differences and insisted that it was free to follow its own course of "parliamentary struggle" in Japan. Peking's final break with the JCP in late 1965 was a result both of the JCP's refusal to shift its tactics toward greater militancy in domestic politics and of its nonaligned stance in the Sino-Soviet quarrel. Other political assets in Japan have not proved more viable from the Chinese point of view. The Chinese-oriented left wing of the Japanese Socialist Party appears to be a weaker reed than the JCP, and militant "Maoist" student groups in Japan have alienated both the Japanese populace and the traditional leftist parties.

The break with the JCP, a spectacular illustration of the sterility of Chinese policy toward Japan, was capped, however, by the consequences of the Cultural Revolution in the Japanese political environment. The mounting turmoil on the China mainland in the late 1960s disabused many Japanese of their idealized vision

SECRET

SECRET

25X1

of closer contacts with the Chinese. Red Guard and police harassment of Japanese businessmen, trade representatives, and correspondents in particular aroused public revulsion. In Tokyo, disorder involving Chinese students led to increasing Japanese suspicion and resentment of Peking's apparent intentions to "export" the revolution. Trade relations, which had been resumed in 1962 and had grown steadily since, again began to decline as a result of the upheavals of the Cultural Revolution. Chinese assets and leverage in Japan dwindled to their lowest point in a decade and a half. At the same time Japan as an object of Chinese policy decreased in importance as Peking turned inward to deal with its internal problems.

The Rude Awakening

By late 1969, Peking had emerged somewhat from the more disruptive phases of the Cultural

If Sato and his ilk dare to stretch their claws into China's sacred territory Taiwan, they will surely be chopped off by the Chinese people armed with the invincible thought of Mao Tse-tung.

Peking NCNA, 27 February 1970

The aim of the Soviet revisionist renegade clique in stepping up its collusion with the Japanese reactionaries is to encourage the Japanese militarists to embark on the criminal road of aggression on, and enslavement of, the Asian people and to incite them to gang up with the Soviet revisionists to oppose China.

Peking NCNA, 13 April 1970

The Japanese reactionaries' ambition is to conduct aggression and expansion abroad in a vain attempt to rekindle the fond dream of the 'greater East Asia coprosperity sphere.'

Peking Radio, 21 March 1970

The Sato government is the worst and most reactionary in Japan since World War II.

Chou En-lai, April 1970

Revolution and was apparently jarred by the signing of the Nixon-Sato communiqué on the reversion of Okinawa to Japan. The Chinese blasted the communiqué in largely predictable terms, but a greater sense of urgency in their public statements suggested that they interpreted the document as signaling a more active and assertive role for Japan in Asia. Peking's public and private statements began to reflect genuine concern that Japan would ultimately assume the lead role of countering China in Asia as a kind of "shock force" or "gendarme" for the US after it withdrew from the area. The Chinese accused Japan not merely of being a "pawn" of the US, but focused on the dangers in Asia from Japan itself—economic domination, military expansion, and new designs for a "greater East Asia coprosperity sphere."

A statement in the Nixon-Sato communiqué, moreover, that Taiwan's security came under the "interest" of Japan has sharply reinforced Peking's concern that Japan will eventually replace the US both militarily and economically in Taiwan, as well as in the rest of Asia. The Chinese apparently believe that this will solidify Japanese influence in the island, a process that would be facilitated by the lingering sympathy many native Taiwanese retain for Japan since the days when Tokyo exercised sovereignty there. Thus far, however, Peking has been unable to do much in the way of countering Tokyo's expanding economic role in Taiwan. Chou En-lai's recent dictum that China would not trade with Japanese firms dealing with Taiwan has proved to be a feeble attempt to scare off the Japanese, who have not reacted with much concern—indicative of just how limited Peking's leverage on this issue really is.

The outcome of the Japanese elections held shortly after the Nixon-Sato communiqué also had a sobering effect on the Chinese. The convincing victory of Sato's Liberal Democratic Party (LDP) no doubt impressed on Peking the relative popularity of Japan's ruling government and, by extension, of the terms of the Okinawa reversion agreement. Moreover, the sharp electoral setback suffered by Japan's Socialist Party and its

SECRET

SECRET

25X1

pro-Peking left wing must have added to China's loss of confidence in its policy of support for what have proved to be inconsequential "progressive" Japanese political elements.

Finally, the Chinese are undoubtedly concerned over the possibility of growing amicability in relations between Japan and the Soviet Union. Both economic and to a lesser extent political ties between the two countries have been increasing for some years, but Moscow's attempt last year to float the idea of an "Asian collective security agreement," clearly if not explicitly directed against China, may have driven home the dangers of a rapprochement between China's northern and eastern neighbors. Japanese plans to lend money to the USSR for economic development schemes in Siberia have almost certainly reinforced Peking's uneasiness on this score.

A Time for Reassessment

These developments have unquestionably increased Peking's apprehensions, and, taken with Peking's past failures, have apparently led the Chinese to rethink their policies toward Japan. The first fruits of this reassessment, however, do not seem markedly different from policies in the immediate past. In fact, China continues to face something of a dilemma in shaping its approach to Japan: Peking's leverage remains relatively slight, and its room for maneuver is circumscribed by Maoist ideological considerations. In these circumstances Peking appears to be pursuing three separate policy "tracks" with respect to Japan: one relates to Japanese internal affairs—a long-haul effort that presently appears to be little more than a waiting game to create a favorable pro-Chinese climate in the islands; a second, aimed at countering Japan diplomatically in Asia, seems geared to flaunting the Japanese "bogey" before other Asian states; and a third, concerned with strictly bilateral matters between the two states, relates almost exclusively to the important issue of trade between Japan and China.

In the first instance Peking probably sees no chance of coming to terms with the Sato gov-

ernment, and, for the moment at least, has apparently given up any hope of ousting the ruling Liberal Democratic Party (LDP) by supporting opposition leftists in Japan's elections. Instead, the Chinese have set their sights on gradually building opposition to Sato's China policy within the LDP by giving political ammunition to the "pro-China" factions in the party. The signing of this year's Memorandum Trade (MT) agreement—the only semiofficial link between Peking and Tokyo—was the occasion for a harsh denunciation of Japanese policies under Sato. It caused some embarrassment for the government, particularly inasmuch as members of the ruling LDP endorsed the attack.

Peking's reading of the domestic political situation in Japan, however, probably suggests to the Chinese that this approach has its limits and is unlikely to force the Sato government into making significant concessions on major outstanding issues between the two states. Perhaps for the same reason, Peking is not taking full advantage of what could be its principal point of leverage in Japan's domestic politics, that is, widespread popular sentiment among Japanese who favor closer relations. For reasons of cultural heritage and prospects of increased trade with the mainland, Japanese public opinion supporting a more forward looking China policy has traditionally been pervasive. All political parties in Japan are aware of this feeling, and the LDP is always alert to display a "reasonable" attitude toward the Chinese, largely as a political expedient to mollify Japanese public opinion.

Although much of the pressing sentiment among Japanese to establish closer relations with China has cooled over the past few years, Peking could try to rekindle their interest and make use of it to apply more pressure on the Sato government. For example, Peking could promise greater access to the "China market." In addition, gestures of good will from Peking, such as the release of Japanese detained in China, freer cultural exchanges, or the easing of travel restrictions, would bring additional pressure on the government to improve relations.

SECRET

SECRET

25X1

Peking does not appear ready, however, to exploit this sentiment for its full political advantage. The Chinese no doubt are sharply aware that their political assets within Japan have diminished markedly in the past few years, and that there are limits to how far this approach would take them. In addition to the election losses of the pro-Peking faction of Japan's Socialist Party last fall, for example, internal factional fighting among other pro-Peking organizations in Japan has virtually paralyzed their effectiveness. Nor have the bitter ideological disputes between China's Communist Party and the JCP been bridged despite the JCP's recent interest in muting public polemics with the Chinese. The closing down of pro-Peking newspapers and the bankruptcy of other Communist Chinese-supported publications in Tokyo have further reduced Peking's voice in Japan.

In looking to the future, nevertheless, Peking probably hopes to re-establish some of the "contacts" with Japan that were interrupted during the period of the Cultural Revolution. Peking has been impressed, for example, by the Komeito Party's gains in last year's Japanese elections, and apparently now is interested in exploring contacts with it if its influence continues to increase. Komeito—the second largest opposition party in Japan—favors immediate recognition of Communist China and an expansion of Sino-Japanese commercial and cultural relations, but its position on the issue of Taiwan—which is of course of vital importance to Peking—has remained ambiguous.

First Things First

In sum, then, the Chinese have apparently decided that a "low posture" with regard to Japan's internal affairs is in order for the time being. Standard propaganda attacks on the Sato government apparently are just that. Indeed, Peking appears to be focusing its major efforts outside of Japan as the best current approach to counter Japanese policies and influence. This approach serves other ends as well. It fits into Peking's over-all Asian strategy of refurbishing

China's position throughout the region, especially among its Communist neighbors, and undercutting Soviet, US, and Japanese influence. In pursuit of these goals, Peking is relying heavily on the specter of a menacing, new "imperialistic" Japan as its instrument to fan traditional fears in Asia and frighten those nations into joining more closely with Peking to repel Japanese expansion.

This line has been used with particular success in North Korea. The relationship between the two states apparently has been rebuilt in part by stressing common concern over the "growing threat" of Japan. In recent months, for example, Pyongyang and Peking have issued parallel propaganda statements strongly critical of Japanese "expansion" in Asia. During Chou En-lai's three-day state visit to Pyongyang last April, he and Premier Kim Il-song devoted considerable time in their public statements to attacking Japanese "militarism" and stressing the need for "solidarity" to counter Japan's expanding role in Asia. On the occasion of the twentieth anniversary celebrations of the Korean War this June, Chinese and North Korean official statements were heavy with similar references to the common threat to both states, and indeed to all of Asia, posed by Japanese "remilitarization." Both



Kim and Chou: Something in common.

SECRET

SECRET

25X1

parties constantly re-emphasized the need to stand firm against Japanese expansion, particularly in South Korea and Taiwan.

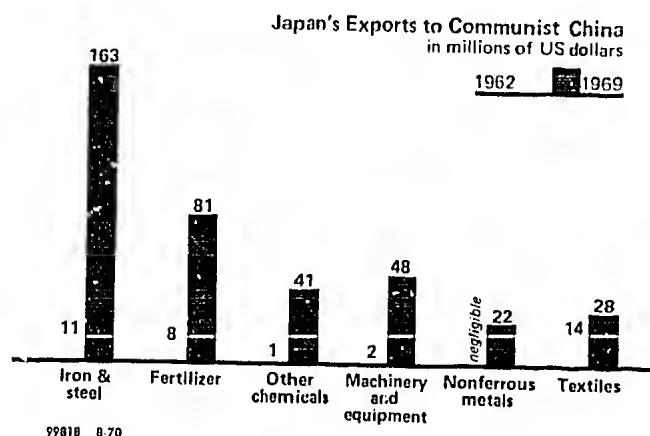
The Chinese are also attempting to build a case along these lines against USSR-Japan "collusion," again to improve their position throughout Asia at the expense of Moscow and Tokyo. This could help explain Peking's silence on the Northern Territories' irredentist dispute between the Soviet Union and Japan; the Chinese do not want to undercut their "collusion" claims by focusing attention on differences between the two states. On his visit to North Korea, Chou En-lai also attempted to gain some points with Pyongyang at Moscow's expense by publicly alluding to Soviet-Japanese perfidy. Chou reminded the North Koreans, for example, that "one's" (i.e., the Soviets') attitude toward Japan was an important criterion for distinguishing between "genuine and sham socialism" and between "genuine and sham Marxism-Leninism." During the Korean War anniversary celebrations, the Chinese also focused attention on this theme, charging the Soviets with "collaborating" with the US and "fraternizing" with Japan at a time when the people of Asian countries were "strengthening their unity" in a fierce struggle against them.

Peking's public treatment of the Japanese "threat" is also designed to help strengthen China's hand in its competition for influence in Southeast Asia. Peking has loudly warned against Japanese "infiltration and expansion" in the area, and has attempted to evoke a regional protest against Japan's so-called claim that its "lifeline" extends from South Korea, Taiwan, and Indochina all the way to the Strait of Malacca. It has also recently called attention to Japan's "expanding role" in Indochina, including its part in the Indonesian conference on Cambodia, and has characterized Japan as the "general manager of the stooges of US imperialism in Asia." At the same time, Peking has strongly criticized the "broader" implications of the renewal of the US-Japan Security Treaty. According to the Chinese,

the pact has become "more aggressive in character" and has been broadened to include Korea, Taiwan, and even Indochina in its "scope of aggression." To some extent these charges reflect actual Chinese fears—the renewal of the pact and the Nixon-Sato communiqué that preceded it were unquestionably disturbing to Peking—but these seem to be fears for the future, rather than a realistic appraisal of the state of affairs at present. Such charges seem primarily designed to play on residual dislike for the Japanese among non-Communist Asians. This dislike is real enough, but the Chinese campaign does not appear to have had much impact to date.

The Trade Picture

Peking's alarmist statements are belied by the fact that since 1965 Japan has been China's principal trading partner. In practice this area of bilateral relations has been insulated from the purely political implications of Peking's continuing hostility to the Sato government. The Chinese are aware that they are open to charges that their words and deeds do not coincide in this important area, and they have generally attempted to obfuscate the extent of their financial dealings, by emphasizing the political aspects of their trade relations with Japan. For example, the promulgation of Chou En-lai's "four principles"



SECRET

SECRET

25X1

governing future trade with Japan—which banned dealings with companies also trading with Taiwan and South Korea—was almost certainly motivated by political considerations designed primarily to complement Peking's hard-line propaganda treatment of Japanese "expansionism" in Asia. As noted above, Peking also used the occasion of the renewal of this year's Memorandum Trade agreement to emphasize its hardened political attitude toward the Sato government. Similarly, the Chinese have been able to gain maximum political play in their dealings with the so-called "friendly trade firms" in Japan, who operate almost exclusively outside the Memorandum Trade channel, by having them endorse some of Peking's most virulent anti-Sato propaganda attacks.

Behind the public smokescreen, nevertheless, there are no signs that Peking will allow political considerations to override the economic importance of its trade with Japan, particularly with regard to such vital imports as steel and chemicals—above all, fertilizers. Japanese businessmen, who so far have reacted calmly to Peking's bombast, are certain that trade this year will exceed the all-time high of \$625 million reached in 1969. Indeed, trade for the first half of 1970 has already exceeded \$400 million and will undoubtedly reach a new peak of \$700 million or more. All this suggests that Peking still regards the Japanese "threat" as potential rather than immediate, and that it is content to play a waiting game with respect to its principal Asian rival.

Outlook

Although trade between China and Japan will continue to increase, political relations between the two states are likely to remain on dead center for the foreseeable future. The principal stumbling blocks to any improvement in bilateral relations will continue to be Japan's policies toward Taiwan and the US. Peking is committed to a policy of helping to eliminate the US presence from all of Asia, and probably believes that US power is declining in the region. Tokyo's future role, particularly with regard to Taiwan, is another matter. Peking is clearly troubled over Tokyo's growing stakes in Taiwan, and probably

considers this the major obstacle in the way of Sino-Japan relations.

Peking's future policies toward Japan will probably continue to depend on its existing priorities in Asia, as well as on opportunism when chances for forcing major concessions from Tokyo on the big issues present themselves. For the present, Peking seems intent on restoring its influence with Communist states in this area, and part of the reason for its relative success—at least so far as North Korea is concerned—clearly lies in its intense campaign against the Japanese "bogey."

China's current thinking on how to approach the problem of Japan directly does not yet appear to have changed significantly, however. Peking, obviously hoping to exact maximum support in Japan for its position against the government, is conducting a cautious and long-term buildup of new assets to enhance its political leverage. Overall interest among many Japanese toward establishing closer relations with the Chinese may already be increasing with signs over the past year that Peking has abandoned its Cultural Revolution excesses and has adopted a relatively orthodox approach in the conduct of foreign affairs. Any hint of movement toward an improvement in relations between the US and China, moreover, will be watched closely by the Japanese Government, which for domestic political reasons does not want to be left "holding the bag" by any US initiatives. Furthermore, should Prime Minister Sato step down, his successor might be more eager to show independence from the US on this popular political issue.

Until Peking is able to strengthen its leverage within Japan, however, the Chinese will probably continue to feel that there is little to be gained in becoming conspicuously involved in Japan's internal affairs. Consequently, the Chinese will almost certainly continue to take their shots at the Japanese Government from long range, will continue their attempts to cause it maximum embarrassment, and, if possible, to isolate it at home and internationally.

Special Report

- 7 -

25X1

25X1

28 August 1970

SECRET